

Message Text

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TO AMEMBASSY NEW DELHI IMMEDIATE

C O N F I D E N T I A L STATE 003950

EXDIS

E.O. 11652: GDS

TAGS: PFOR, IN, US

SUBJ: WHERE NEXT?

REF: NEW DELHI 286

1. AS REPORTS OF TIKKI KAUL'S PRESS CONFERENCES AND TV INTERVIEWS COME IN, WE FIND IT INCREASINGLY DIFFICULT TO RECALL THAT THIS SAME FELLOW WAS REGULARLY BRUISING OUR SHINS TWO YEARS BACK. IF HE KEEPS IT UP MUCH LONGER, LEFTIST PRESS WILL PROBABLY START BRANDING HIM AMERICAN AGENT.

2. IN MORE SERIOUS VEIN, WE SHARE INDIAN ASSESSMENT, REFLECTED IN KAUL'S STATEMENTS AND ALSO FOREIGN MINISTER'S REMARKS TO LOK SABHA DECEMBER 21 THAT WE HAVE TURNED CORNER IN OUR BILATERAL RELATIONSHIP AND, FOR MOMENT AT LEAST, HAVE SUCCEEDED IN PUTTING PAST PROBLEMS BEHIND US. TASK IS NOW TO SEE THAT THESE STAY BEHIND US AND THAT WE MAINTAIN MOMENTUM OF 1973 I SHAPING MORE MATURE AND STABLE RELATIONSHIP.

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3. BARRING CURRENTLY UNFORESEEN UPSETS ON POLITICAL ISSUES, OUR ATTENTION CAN LOGICALLY FOCUS ON OTHER AREAS, ESPECIALLY OUR DESIRE DEVELOP ECONOMIC RELATIONSHIP BASED ON TRADE/INVESTMENT RATHER THAN AID. WHILE AGENDA

LACKS SPECTACULARS TO FOLLOW RUPEE SETTLEMENT, WE SEE SUFFICIENT POSSIBILITIES TO PROVIDE HOPE FOR PROGRESS IN THIS EFFORT. IF GOI NOW MAKES CONCRETE PROPOSALS, WE READY COOPERATE IN WORKING WITH THEM IN DEVELOPING PROGRAMS THAT SERVE OUR MUTUAL INTEREST. ON SPECIFIC QUESTIONS REFTEL:

A. OIL: THIS IS AREA WHERE WE BELIEVE US PRIVATE SECTOR CAN HELP INDIA TO OVERCOME FUEL CRISIS BY INVESTING RISK CAPITAL IN OFFSHORE EXPLORATION. HOOKER IS WHETHER GOI IS PREPARED TO ACCEPT US FIRMS ON BASIS THAT IS COMPETITIVE WITH TERMS OTHER COUNTRIES ARE OFFERING. SEPTTEL TODAY ELABORATES ON THIS.

B. AID: SEPTTEL ALSO PROVIDES LATEST READING ON BILATERAL ASSISTANCE FRONT INCLUDING INFORMATION ABOUT AREAS WHERE WE MIGHT BE ABLE HELP. WE KNOW YOU AGREE THAT COMMITTING NEW AID, EVEN SMALL AMOUNT, IT MATTERS VERY MUCH THAT WE AND INDIANS AGREE ON FORM AND ACKNOWLEDGED COMMON PURPOSE OF ASSISTANCE AND THAT WE BE ASSURED INDIANS WILL NOT REVERT TO HABIT OF ACCEPTING US AID AS GOD-GIVEN RIGHT WHILE SIMULTANEOUSLY CHARGING THAT WE ARE IN SOME WAY USING AID TO UNDERMINE INDIA'S INDEPENDENCE. IN ANY EVENT, WE SEE BILATERAL ASSISTANCE AS PLAYING MUCH REDUCED ROLE IN INDO-US ECONOMIC RELATIONSHIP, WITH BULK OF USG SUPPORT FOR INDIAN DEVELOPMENT IN MULTILATERAL CHANNELS. SINCE WE HOPE EMPHASIZE TRADE AND INVESTMENT, TIME SEEMS RIPE TO EXPLORE, MEANS TO EXPAND TWO-WAY TRADE AND INCREASED PRIVATE INVESTMENT. WE HAVE NO FIXED AGENDA, BUT THINK IT MOST USEFUL CONCENTRATE ON SPECIFIC TRADE/INVESTMENT PROPOSALS RATHER THAN WORRYING ABOUT VAGUE PRINCIPLES AND HOPES. UPCOMING TRADE MISSIONS IN TEXTILE MACHINERY AND POWER GENERATION FIELDS OFFER TWO AREAS OF SPECIFICS AND WE HOPE YOU WILL CALL P.N. DHAR'S ATTENTION TO THESE MISSIONS. WE WOULD WELCOME SIMILAR EFFORTS BY GOI
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IN TRADE FIELD.

C. JOINT COMMISSION: WE ARE SOMEWHAT IN DARK ABOUT CURRENT INDIAN THINKING IN T *S AREA. JHA, WE NOTE, HAS SPOKEN TO YOU OF JOINT ECONOMIC COMMISSION, AND IT WAS THIS THAT CAME UP IN EARLIER TALKS WITH SECRETARY HERE. HOWEVER, KAUL, BEFORE RETURNING FOR CONSULTATIONS, TALKED OF SETTING UP NUMBER OF JOINT COMMISSIONS IN AREAS SUCH AS SCIENCE AND TECHNOLOGY, EDUCATION, AND TRADE. WE EXPECT THAT SUMMITS NOW IN PROGRESS BETWEEN INDIAN AND US ACADEMICS AND SCIENTISTS WILL COME UP WITH SOME USEFUL IDEAS IN AREAS SUCH AS THESE. AS FAR AS WE ARE CONCERNED, WE BELIEVE IT BEST YOU BE RECEPTIVE TO IDEAS INDIANS MAY HAVE BUT AVOID FOR PRESENT GETTING INTO

CONCRETE. OUR INTEREST IS LESS IN FORM THAN IN
ASSURING THAT ANY ARRANGEMENT WE AND INDIANS MAY
ULTIMATELY AGREE ON PROMOTES DEVELOPMENT OF OVERALL HEALTHY
RELATIONSHIP BY FACILITATING ECONOMIC AND OTHER INTER-
CHANGE.

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